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September 28, 1994

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SEP 28 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: GEN Docket 90-314, PP Docket 92-253
ex parte presentation

Ladies and Gentlemen:

We are submitting two copies of this letter to inform you that we delivered today the original of the attached letter from U.S. Intelco Networks, Inc., to Chairman Reed Hundt, with copies to various Commission staff. The issues discussed relate to the Commission's efforts to promote the participation of designated entities in the upcoming broadband PCS auctions.

Should there be any questions, please contact me at the number listed above.

Sincerely,



Charles D. Cosson

cc: Karen Brinkmann
Pete Belvin
Jim Coltharp
Mary McManus
Jill Lockett
Greg Rosston

William Kennard, Esq.
Sara Seidman
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September 28, 1994

The Honorable Reed Hundt, Chairman
Federal Communications Commission
1919 M Street, N.W. Rm. 814
Washington, D.C. 20554

Re: PCS Auctions for the Entrepreneur's Blocks

Dear Chairman Hundt:

U.S. Intelco Networks, Inc., ("USIN") is a company owned by small, independent telephone companies which has taken a leadership role in developing business plans for independents intending to provide new PCS services. The business plans USIN has developed involve independent telephone company participation in a variety of partnerships, all of which seek to qualify for "small businesses" under the Commission's designated entity rules. USIN sincerely appreciates the Commission's efforts to perfect a regulatory framework governing entry into the PCS market which permits designated entity participation.

Presently, USIN's member businesses are actively engaged in the process of raising capital for the upcoming PCS auctions for spectrum blocks C and F - the "entrepreneur's blocks." We are writing to you because we believe that you may be interested to know that our discussions with investors have revealed that several further actions are needed to create realistic opportunities for small businesses.

These actions are: 1) announce specific dates for the C and F block auctions which follow closely the MTA auction process; 2) expeditiously resolve all outstanding questions regarding the qualifications for designated entity status; 3) require MTA licensees to offer PCS service for resale, in order to address concerns that the auction timing may otherwise give them a headstart in the market.

By not announcing specific dates for all PCS auctions, the FCC will create an incentive for investors to wait until the end of the MTA auctions before committing funds to a designated entity. Most designated entities interested in becoming licensees and long-term service providers, however, have been trying to finalize their capitalization plans. These entities, while not required to compete with larger businesses directly in the auction, must compete with these businesses for capital.

The Hon. Reed Hundt

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Their competitive position is presently disadvantaged by uncertainty regarding the timing of the C and F block auctions.

No additional administrative complexity would be created by announcing dates for the C and F block auctions. The FCC could accept and process short-form applications for the C and F blocks concurrent with the MTA auction process. Should an MTA auction loser want to invest in a C and F block bidder, they could still do so under rules which permit minor amendments to the short-form applications. See 47 C.F.R. § 1.2105(c)(2). Accordingly, we respectfully urge the FCC to announce specific dates for all auctions now.

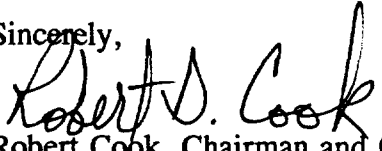
Similarly, designated entities should not be disadvantaged by regulatory uncertainty regarding the rules which define small businesses and minority or women-owned businesses. The Commission has completed the pleading cycle on the petitions for reconsideration of the Fifth Report & Order in the auction docket, and we respectfully urge the FCC to expeditiously resolve outstanding questions regarding these definitions. In the absence of certainty, investors are likely to elect to work with an MTA license applicant or withhold capital altogether, rather than risk their investment in an entity whose status is uncertain.

Moreover, the timing of MTA auctions in advance of BTA auctions could enable MTA auction winners to receive a license grant, switch on their network, and enter the market first - resulting in an overwhelming headstart. The FCC is well aware that investors believe speed to market is a key factor in their investment decisions. Accordingly, the FCC should take steps to neutralize any headstart to market created by auction timing decisions.

We therefore urge the Commission to consider the adoption of the following policies. First, C and F block winners should have the option of purchasing PCS service from the A and B winners for resale. C and F block "entrepreneurs" could then begin advertising and providing service simultaneously with the MTA winners. Additionally, the FCC should establish a single date on which all 30 MHz PCS license applications accepted for filing would appear on Public Notice. As a result, all A, B, and C block licenses would be subjected to relatively simultaneous processing.

We appreciate your attention to our concerns regarding the rules governing new PCS services and the associated auctions. We sincerely believe that the suggestions set forth above are consistent with the public interest, and urge the Commission to initiate the implementation of these proposals as soon as possible.

Sincerely,


Robert Cook, Chairman and CEO
U.S. Intelco Networks, Inc.